

EXHIBIT B

1 THE WITNESS: No.

2 Q. (By Mr. Mumford) Well, do you deny that
3 Mr. Koerber raised issues --

4 A. No.

5 Q. -- with your statement?

6 A. No, we saw it.

7 Q. Okay. And when you say we saw it, what was --
8 what was the statement that you say that we saw?

9 THE COURT: No. Sustained.

10 MR. WALZ: Your Honor --

11 Q. (By Mr. Mumford) Um, I can't -- okay. I think I
12 understand. You -- did you -- do you recall being asked
13 questions about whether -- what your understanding was as to
14 what Founders Capital was going to -- what the business of
15 Founders Capital was and what it would do with money loaned
16 to it?

17 A. Was I asked that?

18 Q. Yes. Do you recall being asked that -- that is
19 questions along those lines?

20 A. Yes.

21 Q. Okay.

22 A. Again, the people that came to me had talked to
23 Rick or attended a seminar or one of his presentations so
24 they knew.

25 Q. That wasn't my question.

1 A. That wasn't your question?

2 Q. No, I'm sorry.

3 A. Okay.

4 Q. I'm sorry. My question was, do you recall being
5 asked about what your understanding about how Founders
6 Capital would use the money?

7 A. Would they ask me that? Is that your question?

8 Q. I'm sorry, no, no, no. I'm asking you the
9 government, when they asked you questions earlier today?

10 A. Oh.

11 Q. They asked you what your understanding was about
12 how Founders Capital would use the money, right?

13 A. Okay, yes.

14 Q. And -- and -- and your testimony was well was
15 what along those lines?

16 A. To invest in real estate.

17 Q. Okay. And did you ever have an understanding
18 that the money that you placed with Founders Capital is
19 going to earn money other than through real estate?

20 A. No.

21 Q. Now, you gave prior testimony in this case before
22 the grand jury, right?

23 A. Yes.

24 Q. Do you recall being asked that question?

25 A. No, it has been a long time.

1 Q. What's that?

2 A. It has been a long time.

3 Q. Okay. It has been a long time. Um, let me show
4 you pages 22 and 23 of your grand jury transcript here.

5 Just start right here and go to right here.

6 THE COURT: Read it to yourself, Mr. Bouchard.

7 THE WITNESS: Okay.

8 Q. (By Mr. Mumford) Does that refresh your
9 recollection of being asked that question in your -- before
10 the grand jury in this matter?

11 A. Yes.

12 Q. And do you recall what your answer was?

13 A. Yes.

14 Q. What was it?

15 A. I just read it.

16 Q. Well, go ahead. What --

17 A. I said that I knew that there were other
18 businesses that he was investing in but I didn't know that
19 what monies, well, I didn't say that, but what monies were
20 being used for that. As far as I knew, Founders Capital
21 invested in real estate.

22 Q. Yeah. And you said -- did you say I don't think
23 I knew for sure that all of the money was going to real
24 estate deals?

25 A. Um, I didn't know --

1 Q. Uh-huh (affirmative)?

2 A. -- if it was.

3 Q. And that some may have been -- some of the money
4 may have been going to other of the businesses?

5 A. Yes.

6 Q. And that you didn't know the details of that for
7 sure?

8 A. Correct.

9 Q. Okay. And is that different from what your
10 understanding is here today?

11 A. No.

12 Q. Okay. So in other words, and I want to just
13 summarize this, consistent with your understanding that you
14 knew at the time Mr. Koerber and FranklinSquires had a
15 number of different businesses, right?

16 A. Yes.

17 Q. Some of those were real estate focused and others
18 were less real estate focused or not real estate focused,
19 right?

20 A. Yeah. Later on there was a couple that I knew
21 about that were not real estate focused.

22 Q. Okay. So if Founders Capital loaned money to
23 some of the other businesses that were businesses that were
24 doing real estate deals, would that be consistent with your
25 understanding?

1 A. Can you ask that again?

2 Q. If Founders Capital was loaning money to other
3 companies, say for example Hill Erickson or New Castle that
4 were doing real estate deals, that would have been
5 consistent with your understanding?

6 A. Um, yes.

7 Q. But you also knew that there were other
8 businesses at FranklinSquires doing business as other than
9 real estate investing, right?

10 A. Yes.

11 Q. And if Founders Capital was loaning money to
12 them, that would have been consistent with your
13 understanding of what it could do with your money, right?

14 A. I didn't know if Founders Capital was loaning the
15 money.

16 Q. But you knew those businesses were ongoing
17 though, right?

18 A. Yes.

19 Q. You knew about the Iceberg Restaurant investment?

20 A. Yes.

21 THE COURT: Mr. Bouchard, I'm sorry, the two of you
22 are speaking over each other again.

23 THE WITNESS: I'm sorry.

24 THE COURT: Just be patient and wait for Mr. Mumford's
25 question.

1 Q. (By Mr. Mumford) Thank you, Your Honor.

2 A. Okay.

3 Q. Um, and you knew about the movie investment deal,
4 too?

5 A. Yes.

6 MR. MUMFORD: Your Honor, may I have just a moment
7 here, please?

8 THE COURT: Yes, of course.

9 Q. (By Mr. Mumford) You -- you -- I think you used
10 the term at one point today real estate deals. Do you
11 recall?

12 A. Yes.

13 Q. Now, a real estate deal, that could mean a number
14 of different things, right?

15 A. Yes.

16 Q. Explain what you understand the potential for
17 that term to mean?

18 A. Buying investment properties.

19 Q. Okay. Buying investment properties. Anything
20 else?

21 A. No.

22 Q. Do you think like financing the purchase of
23 investment property would -- would be a real estate deal?

24 A. Um, the financing of it?

25 Q. Yes.

1 A. The person who finances it?

2 Q. Or -- or anybody else who finances it, helps
3 finance it?

4 A. That would be part of the real estate deal I
5 suppose, yes.

6 Q. How about borrowing against an investment
7 property?

8 A. Yes.

9 Q. So have you heard the phrase purchase money
10 mortgage?

11 A. Purchase money mortgage.

12 Q. Yes.

13 A. No.

14 Q. You have been in the mortgage business, right?

15 A. Yes.

16 Q. What do you call it when someone loans money to
17 buy real estate?

18 A. A mortgage loan.

19 Q. Okay. Is there a difference between that and a
20 home equity type loan or property equity type loan?

21 A. Yes.

22 Q. Um, and -- and is the difference -- one of the
23 differences there is that when someone borrows against home
24 equity the bank doesn't control the use of funds, right?

25 A. Yes.

1 Q. It just ensures that the loan is backed by equity
2 in the home?

3 A. Correct.

4 Q. So Hunters -- and that is -- that is different
5 from like a money -- a mortgage which is actually restricted
6 in so that it can only purchase the property with it, right?

7 A. Correct.

8 Q. So is it fair to say that Hunters loans to
9 Founders were more like home equity loans then?

10 MR. WALZ: Objection to the characterization.
11 Relevance.

12 THE COURT: Overruled. You may answer, if you can.

13 THE WITNESS: That would be -- they would be more
14 closer to a home equity loan than a mortgage loan.

15 Q. (By Mr. Mumford) Uh-huh (affirmative).

16 A. If that's -- yeah, in that analogy.

17 Q. Yeah, because you never required that Founders
18 Capital provide you with any kind of like trust deeds or
19 anything like that, right?

20 A. Correct.

21 Q. You never required that Founders Capital agree to
22 only use the money to purchase new homes or anything like
23 that, right?

24 A. Correct.

25 Q. Thank you.